

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

The project, 5256 Naranja, located at 5256 Naranja in San Diego, requested and is being recommended for a reservation of \$2,476,311 in annual federal tax credits to finance the new construction of 137 units of housing serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 40 and Assembly District 79.

Project Number CA-22-559

Project Name 5256 Naranja
 Site Address: 5256 Naranja
 San Diego, CA 92114
 County: San Diego
 Census Tract: 31.11

| Tax Credit Amounts | Federal/Annual | State/Total |
|---------------------------|-----------------------|--------------------|
| Requested: | \$2,476,311 | \$0 |
| Recommended: | \$2,476,311 | \$0 |

Applicant Information

Applicant: San Diego Naranja Associates, a California Limited Partnership
 Contact: Caleb Roope
 Address: 430 E. State Street, Suite 100
 Eagle, ID 83616
 Phone: 208.461.0022
 Email: calebr@tpchousing.com

General Partner(s) or Principal Owner(s): Central Valley Coalition for Affordable Housing
 TPC Holdings IX, LLC

General Partner Type: Joint Venture

Parent Company(ies): Central Valley Coalition for Affordable Housing
 The Pacific Companies

Developer: Pacific West Communities, Inc.

Bond Issuer: California Housing Finance Agency (CalHFA)

Investor/Consultant: Boston Financial

Management Agent: ConAm Management Corporation

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 138
 No. / % of Low Income Units: 137 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: San Diego County
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

| Aggregate Targeting | Number of Units | Percentage of Affordable Units |
|----------------------------|------------------------|---------------------------------------|
| 30% AMI: | 14 | 10% |
| 50% AMI: | 14 | 10% |
| 60% AMI: | 54 | 39% |
| 70% AMI: | 55 | 40% |

Unit Mix

10 SRO/Studio Units
 126 1-Bedroom Units
 2 2-Bedroom Units

 138 Total Units

| Unit Type & Number | 2022 Rents Targeted % of Area Median Income | Proposed Rent (including utilities) |
|-------------------------------|--|--|
| 1 SRO/Studio | 30% | \$683 |
| 1 SRO/Studio | 50% | \$1,138 |
| 5 SRO/Studio | 60% | \$1,247 |
| 3 SRO/Studio | 70% | \$1,247 |
| 13 1 Bedroom | 30% | \$732 |
| 13 1 Bedroom | 50% | \$1,220 |
| 48 1 Bedroom | 60% | \$1,323 |
| 52 1 Bedroom | 70% | \$1,323 |
| 1 2 Bedrooms | 60% | \$1,756 |
| 1 2 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|------------------------------------|---------------------|
| Land and Acquisition | \$1,335,000 |
| Construction Costs | \$30,632,389 |
| Rehabilitation Costs | \$0 |
| Construction Hard Cost Contingency | \$2,600,000 |
| Soft Cost Contingency | \$500,000 |
| Relocation | \$0 |
| Architectural/Engineering | \$1,035,000 |
| Const. Interest, Perm. Financing | \$3,459,250 |
| Legal Fees | \$100,000 |
| Reserves | \$566,724 |
| Other Costs | \$3,738,961 |
| Developer Fee | \$6,267,360 |
| Commercial Costs | \$0 |
| Total | \$50,234,684 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$358 |
| Per Unit Cost: | \$364,019 |
| True Cash Per Unit Cost*: | \$339,123 |

| Construction Financing | | Permanent Financing | |
|--------------------------------|---------------|--------------------------------|---------------------|
| <u>Source</u> | <u>Amount</u> | <u>Source</u> | <u>Amount</u> |
| Citibank - Tax-Exempt | \$26,500,000 | Citibank | \$14,000,000 |
| Citibank - Taxable | \$2,400,000 | Bonneville | \$12,000,000 |
| Bonneville - Recycled Bonds | \$12,000,000 | City of San Diego - Fee Waiver | \$428,392 |
| City of San Diego - Fee Waiver | \$428,392 | Deferred Developer Fee | \$3,007,360 |
| Deferred Costs | \$566,724 | Tax Credit Equity | \$20,798,932 |
| Deferred Developer Fee | \$6,267,360 | TOTAL | \$50,234,684 |
| Tax Credit Equity | \$2,072,208 | | |

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

| | |
|--|------------------|
| Requested Eligible Basis: | \$47,621,371 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$61,907,782 |
| Applicable Rate: | 4.00% |
| Total Maximum Annual Federal Credit: | \$2,476,311 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$6,267,360 |
| Investor/Consultant: | Boston Financial |
| Federal Tax Credit Factor: | \$0.83992 |

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.